



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Fiscal Analysis Memorandum

CONFIDENTIAL

Requestor:
Analyst(s): Mary Greeson
RE: Senate Bill 446 (Unknown Edition)

SUMMARY TABLE

FISCAL IMPACT OF PCS A446-ASUF-22, V.2 (\$ in thousands)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
Highway Fund Revenue	448.8	1,207.6	1,624.8	2,186.1	2,941.3
Less Expenditures	104.8	10.5	10.5	10.5	10.5
Highway Fund Impact	344.0	1,197.1	1,614.3	2,175.6	2,930.8

Note: Partial revenue estimate available. See Fiscal Analysis Section.

NET STATE IMPACT	\$344.0	\$1,197.1	\$1,614.3	\$2,175.6	\$2,930.8
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FISCAL IMPACT SUMMARY

It is estimated that Amendment S446-ASUF-22, V.2 will result in one-time costs of \$104,800 with annual maintenance costs of \$10,480 beginning in FY 2020-21. Additionally, it is estimated that this amendment will generate:

- \$448,765 additional plug-in electric vehicle registration fee revenue in FY 2019-20;
- \$1,207,592 in FY 2020-21;
- \$1,624,768 in FY 2021-22;
- \$2,186,062 in FY 2022-23; and
- \$2,941,262 in FY 2023-24.

Note: There is no estimate available for the revenue impact of plug-in hybrid vehicle registration fees.

Section 1 of S.B. 446 is amended to increase the annual plug-in electric vehicle registration fee in G.S. 20-87(13) to \$230, effective January 1, 2020.

Section 2 of S.B. 446 is amended to create an annual plug-in hybrid vehicle registration fee in G.S. 20-87. Beginning January 1, 2020, the annual fee will be \$115.

Section 3 of S.B. 446 is amended to annually adjust plug-in electric vehicle and plug-in hybrid vehicle registration fees beginning January 1, 2021, amending G.S. 20-4.02. The fees will be adjusted pursuant to a formula based on 75% of the change in population and 25% of the annual change in the Consumer Price Index for All Urban Consumers (CPI). The CPI report is released annually the October prior to the annual adjustment.

FISCAL ANALYSIS

Sections 1-2

DMV operates and maintains the State Titling and Registration System (STARS), a computer system that maintains vehicle data. This system will require technical modifications to comply with the modification of vehicle registration fees. The estimated cost for these modifications is a one-time cost of \$104,800 in FY 2019-20, with annual maintenance costs of \$10,480 beginning in FY 2020-21.

Plug-in electric vehicles are currently assessed an annual fee of \$130, in addition to regular registration fees. In FY 2017-18, there were 4,958 plug-in electric vehicles registered in North Carolina. Between FY 2013-14 and FY 2017-18, plug-in electric vehicle registrations increased an average of 10.4% annually. **Table 1** below estimates the additional revenue expected by using the average annual growth rate of electric vehicles, the current annual fee, and the proposed fee. This estimate does not include any indexing estimates, which will occur annually beginning January 1, 2021.

Table 1	<i>FY 2019-20</i>	<i>FY 2020-21</i>	<i>FY 2021-22</i>	<i>FY 2022-23</i>	<i>FY 2023-24</i>
Projected Electric Vehicle Registrations	8,975	12,076	16,248	21,861	29,413
Revenue At Current Rate (\$130)	\$ 1,166,789	\$ 1,569,870	\$ 2,112,199	\$ 2,841,881	\$ 3,823,640
Revenue At Proposed Rate	\$ 1,615,554	\$ 2,777,462	\$ 3,736,967	\$ 5,027,943	\$ 6,764,902
Additional Revenue Expected	\$ 448,765	\$ 1,207,592	\$ 1,624,768	\$ 2,186,062	\$ 2,941,262

Plug-in hybrid vehicles are not currently assessed an annual fee in addition to regular registration fees. There is no estimate available for the number of plug-in hybrids registered in North Carolina.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

Division of Motor Vehicles, Department of Transportation

FISCAL ANALYSIS MEMORANDUM – PURPOSE AND LIMITATIONS

This document is a fiscal analysis of a bill, draft bill, amendment, committee substitute, or conference committee report that is confidential under Chapter 120 of the General Statutes. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections



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